

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1276 – SB 1224

April 11, 2017

SUMMARY OF ORIGINAL BILL: Authorizes the chief procurement officer to deliver the report required pursuant to Tenn. Code Ann. § 12-3-1107 concerning the awarding of purchases to minority-owned businesses, woman-owned businesses, service-disabled veteran-owned businesses, or small businesses in an electronic format.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (006525): Deletes all language after the enacting clause. Establishes that it is the intent of state agencies to expand the purchasing authority of the state, to include businesses owned by persons with disabilities through active solicitation of bids and proposals for equipment, supplies, personal services, professional services, consulting services, construction contracts, and architectural and engineering services. Defines “businesses owned by persons with disabilities” as any business owned by a person with a disability that is a continuing, independent, for-profit business that performs a commercially useful function, and is at least 51 percent owned and controlled by one or more persons with a disability; or, in the case of a publicly-owned business, at least 51 percent of the stock of which is owned and controlled by one or more persons with a disability and whose management and daily business operations are under the control of one or more persons with a disability.

Amends the *Tennessee Minority-Owned, Woman-Owned, and Small Business Procurement and Contracting Act* to add service-disabled veteran-owned businesses and businesses owned by persons with disabilities. Requires the Governor’s Office of Diversity Business Enterprise (GoDBE) to assist businesses owned by persons with disabilities, to develop into viable, successful businesses.

Requires the Small Business Advocate within the Office of the Comptroller of the Treasury to encourage and enhance economic opportunities for service-disabled veteran-owned businesses and businesses owned by persons with disabilities.

Authorizes the State Procurement Commission to adopt rules and regulations establishing criteria and standards for businesses owned by persons with disabilities.

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FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

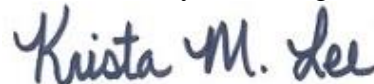
**Increase State Expenditures - \$11,200/One-Time
\$54,600/Recurring**

Assumptions for the bill as amended:

- Currently, the GoDBE works to assist four types of diversity businesses: minority-owned, service-disabled veteran-owned, woman-owned, and small businesses.
- Pursuant to Tenn. Code Ann. § 12-3-1103, the GoDBE implements a certification program for such businesses, and includes them in a directory that may be accessed on the GoDBE's website.
- Pursuant to Tenn. Code Ann. § 12-3-1104, the GoDBE annually determines and recommends to the State Procurement Commission a fair proportion of procurement contracts that shall be awarded to these four distinct categories of business entities.
- This bill as amended will require the Central Procurement Office (CPO) to seek out businesses owned by persons with disabilities, and verify that the owners meet the definition established by this legislation.
- Currently, the CPO's office includes three positions that are solely dedicated to ensuring that the four types of existing diversity categories are provided opportunity to participate in state procurement and contracting.
- One additional administrative services assistant 5 position will be required to effectuate the requirements of the bill as amended.
- In addition, there will be a one-time cost of \$10,000 to add one additional module to the GoDBE database.
- The recurring increase in state expenditures is estimated to be \$54,630 (salary \$40,400 + benefits \$10,539 + FICA \$3,091 + supplies \$600).
- The one-time increase in state expenditures is estimated to be \$11,200 (\$10,000 software modification + \$1,200 computer).
- The Comptroller of the Treasury reports that it can accommodate any additional responsibilities required by the bill as amended, utilizing existing staff during regular work hours.
- The Governor's Office reports that the bill as amended will have no significant impact on its current duties.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/jdb